

Message Text

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INFO AMEMBASSY MANILA

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AIDAC

MANILA FOR COHEN PASS ST. LAWRENCE

E. O. 11652: GDS

SUBJECT: RED: SEAMES - SPECIAL FUNDS SELECT COMMITTEE

1. SELECT COMMITTEE AUTHORIZED BY SEAMEC AT PHNOM PENH CONFERENCE TO STUDY PROBLEMS OF SPECIAL FUNDS HELD FIRST MEETING SEAMES OFFICES MARCH 26-28. COMMITTEE CHAIRED BY O. D. CORPUZ (PHILIPPINES); OTHER MEMBERS INCLUDED KWAN SAI KHEOUNG, SINGAPORE; BACHTIAR RIFAI, INDONESIA; AND MANAS LEOVIRAPHAN, THAILAND. SEAMES STAFF AND JACOBS (RED) AS SEAMES CONSULTANT ATTENDED MEETING.

2. AFTER CONSIDERING S. F. PROBLEMS ABLY PRESENTED BY SEAMES STAFF AND REVIEWING WORKING PAPERS PREPARED BY SEAMES, COMMITTEE DECIDED FOLLOWING RECOMMENDATIONS TO PRESENT TO SEAMEC AT EXTRAORDINARY SESSION:

A. S. F. COMPONENTS BE REDEFINED TO INCLUDE ONLY FOUR COMPONENTS : (1) TRAINING AND RESEARCH SCHOLARSHIPS; (2) SEMINARS AND CONFERENCES; (3) PERSONNEL EXCHANGES; AND (4) GOVERNING BOARD MEETINGS. RESEARCH FELLOWSHIPS AND GRANTS, FORMERLY A COMPONENT OF S. F., ARE TO BE MERGED INTO NEW RESEARCH FUNDING APPROACH UTILIZING PACKAGED RESEARCH PROJECT PROPOSALS WITH FINANCING SOUGHT ON PROJECT BY PROJECT BASIS APPEALING TO SPECIFIC PROGRAM INTERESTS OF DONORS. ALTHOUGH THIS APPROACH REMOVES THIS COMPONENT FROM 50-50 COST SHARING BY U. S. UNDER S. F.,

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COMMITTEE EXPECTS U. S. TO GIVE SYMPATHETIC CONSIDERATION TO SOME OF RESEARCH PROPOSALS FOR FINANCIAL SUPPORT OUTSIDE S. F.

B. PROPOSED ENDOWMENT INCREASE THROUGH MEMBER GOVERNMENT CONTRIBUTIONS TO BE UNDERTAKEN BY FLOATING US\$30 MILLION BOND ISSUE TO BE SUBSCRIBED BY MEMBER COUNTRIES ON AVERAGE OF \$3.75 MILLION PER MEMBER. BONDS TO BEAR INTEREST YIELD OF 2 PCT. PER ANNUM TO SUBSCRIBERS AND PROCEEDS OF ISSUE TO BE INVESTED BY SEAMEO TO YIELD SUBSTANTIALLY HIGHER RATE. NET INCOME WILL BE APPLIED TO S. F. ANNUAL REQUIREMENTS. THESE 10- YEAR BONDS CAN ALSO BE PURCHASED BY ASSOCIATE MEMBERS, FRIENDLY COUNTRIES, AND OTHER AGENCIES AND ORGANIZATIONS INTERESTED IN SEAMEO. PRIME ATTRIBUTE THIS SCHEME AS DESCRIBED BY THAI MEMBER COMMITTEE IS THAT IT ALLOWS USE OF IDLE FOREIGN EXCHANGE RESERVES WHICH OTHERWISE CANNOT BE INVESTED IN THE OWNING COUNTRY AND THUS RELIEVES NECESSITY OF BUDGETARY APPROPRIATIONS FOR MEMBER COUNTRY CONTRIBUTIONS TO SEDF ENDOWMENT. PRELIMINARY EXPLORATIONS LEGAL AND TECHNICAL IMPLICATIONS THIS PLAN MADE DURING MEETING ALL POSITIVE BUT PLANS MADE TO CONVENE MEETING OF FINANCE MINISTRY REPS IN MANILA WITH COMMITTEE CHAIRMAN IN MAY TO COMPLETE TECHNICAL REVIEW AND ORGANIZE PRESENTATION FOR COUNCIL CONSIDERATION. ALL CONCERNED HIGHLY OPTIMISTIC THIS INNOVATIVE SUGGESTION MADE BY THAI MEMBER COMMITTEE WHO APPEARED ASSURED NO PROBLEM THAI PARTICIPATION IN SCHEME.

3. TO PROVIDE SUFFICIENT TIME FOR WORKING OUT DETAILS OF COMMITTEE RECOMMENDATIONS DECIDED TO POSTPONE EXTRAORDINARY SESSION OF COUNCIL UNTIL LATTER PART OF JULY TENTATIVELY SET FOR JULY 23-26.

4. SEAMES CALCULATION NEW APPROACH WILL YIELD APPROXIMATELY SAME AMOUNT INCOME AS PROPOSED US\$9 MILLION STRAIGHT ENDOWMENT. FOR TECHNICAL REASONS LATTER FUND EXPECTED TO YIELD 10 PERCENT OR BETTER WHILE BOND PROCEEDS PROBABLY LESS THAN 5 PCT. NET YIELD. ANTICIPATE OPTIMISTICALLY UP TO \$24 MILLION OF ISSUE SUBSCRIBED SINCE SOME MEMBER COUNTRIES MAY NOT BE ABLE TO TAKE UP FULL QUOTA. HENCE, NEED FOR CONTINUED FUND RAISING EFFORT TO BEAR CONTINUING IMMEDIATE NEEDS AND

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AVOID SHORTFALLS. HOWEVER, THIS PLAN, IF ACCEPTED, DOES PROVIDE EVIDENCE OF DEFINITE STEPS TOWARD EVENTUAL SELF-SUFFICIENCY.

5. THIS INFORMATION IS REPORTED AT PRELIMINARY STAGE OF DEVELOPMENT AND IS TO BE CONSIDERED AS PRIVILEGED INFORMATION. SEAMES WISHES AVOID MAKING REPORT PUBLIC UNTIL FURTHER TECHNICAL REVIEW. SUGGEST THAT FUND RAISING CONSULTANTS BE ADVISED THESE DEVELOPMENTS BUT URGED NOT REPEAT NOT TO DISCUSS EVEN INDIRECTLY WITH PROSPECTIVE DONORS OR OTHERS UNTIL GREEN LIGHT FROM SEAMES.
UNGER

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